

CITY OF ALTA

INDEPENDENT AUDITOR'S REPORTS  
PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2013

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CITY OF ALTA

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ron Neulieb	Mayor	January, 2014
Molly Elston	Council Member	January, 2014
Pam Henderson	Council Member	January, 2014
Brian Walsh	Council Member	January, 2014
Rob Hach	Council Member	January, 2016
Ron Chapman	Council Member	January, 2016
Thomas M. Huseman	Clerk/ Finance Officer	Indefinite
John Murray	Attorney	Indefinite

HUNZELMAN, PUTZIER & Co., PLC  
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.  
JASON K. RAVELING  
TAMMY M. CARLSON, C.P.A.  
RICHARD R. MOORE, C.P.A. (RETIRED)  
WESLEY E. STILLE, C.P.A. (RETIRED)  
KENNETH A. PUTZIER, C.P.A. (RETIRED)  
W. J. HUNZELMAN, C.P.A. 1921-1997

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Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Alta, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Alta, Iowa as of June 30, 2013, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

## Other Matters

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Alta, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2012 (which are not presented herein) and expressed qualified opinions on those financial statements since we were unable to verify the distribution of total fund balance as of July 1, 2011 and which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, budgetary comparison information on pages 19 and 20 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2014 on our consideration of City of Alta, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Alta, Iowa's internal control over financial reporting and compliance.

March 21, 2014

*Hungelman, Putzier & Co., P.C.*

CITY OF ALTA  
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITON  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Exhibit A

Functions/Programs:	Program Receipts				Net (Disbursements) Receipts and Changes in Cash Basis Net Position			
	Disbursements	Primary Government						Component Unit
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
Governmental activities:								
Public safety	\$ 252,317	\$ 6,896	\$ 32,714	\$ -	\$ (212,707)	\$ -	\$ (212,707)	\$ -
Public works	268,677	1,164	222,327	-	(45,186)	-	(45,186)	-
Culture and recreation	132,531	24,395	11,155	-	(96,981)	-	(96,981)	-
Community and economic development	53,318	-	-	-	(53,318)	-	(53,318)	-
General government	155,865	-	-	-	(155,865)	-	(155,865)	-
Debt service	203,441	-	-	-	(203,441)	-	(203,441)	-
Capital projects	549,498	-	-	-	(549,498)	-	(549,498)	-
Total governmental activities	<u>1,615,647</u>	<u>32,455</u>	<u>266,196</u>	<u>-</u>	<u>(1,316,996)</u>	<u>-</u>	<u>(1,316,996)</u>	<u>-</u>
Business type activities:								
Sewer	285,587	267,260	-	-	-	(18,327)	(18,327)	-
Solid Waste	144,554	180,247	-	-	-	35,693	35,693	-
Community Building	58,553	26,540	16,883	-	-	(15,130)	(15,130)	-
Total business type activities	<u>488,694</u>	<u>474,047</u>	<u>16,883</u>	<u>-</u>	<u>-</u>	<u>2,236</u>	<u>2,236</u>	<u>-</u>
Total	<u>\$ 2,104,341</u>	<u>\$ 506,502</u>	<u>\$ 283,079</u>	<u>\$ -</u>	<u>(1,316,996)</u>	<u>2,236</u>	<u>(1,314,760)</u>	<u>-</u>
Component Unit:								
Alta Firemen's Association	<u>\$ 59,661</u>	<u>\$ -</u>	<u>\$ 76,013</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,352</u>
General Receipts and Transfers:								
Property and other city tax levied for:								
General purposes					347,833	-	347,833	-
Debt service					43,293	-	43,293	-
Tax increment financing					6,940	-	6,940	-
Local option sales tax					195,577	-	195,577	-
Unrestricted interest on investments					807	-	807	-
Sale of assets					1,826	-	1,826	-
Repayment of interim proceeds					(3,866,846)	-	(3,866,846)	-
Loan proceeds					4,520,916	-	4,520,916	-
Miscellaneous					18,729	-	18,729	-
Total general receipts and transfers					<u>1,269,075</u>	<u>-</u>	<u>1,269,075</u>	<u>-</u>
Change in cash basis net position					(47,921)	2,236	(45,685)	16,352
Cash basis net position beginning of year					<u>283,657</u>	<u>515,575</u>	<u>799,232</u>	<u>16,314</u>
Cash basis net position end of year					<u>\$ 235,736</u>	<u>\$ 517,811</u>	<u>\$ 753,547</u>	<u>\$ 32,666</u>

(continued)

CITY OF ALTA  
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Exhibit A  
(continued)

	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Position			
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Component Total Unit
Cash Basis Net Position							
Restricted:							
Nonexpendable:							
Library					\$ 5,030	\$ -	\$ 5,030 \$ -
Expendable:							
Tax increment financing projects					40,759	-	40,759 -
Debt service					80,643	-	80,643 -
Other purposes					4,882	-	4,882 -
Unrestricted					104,422	517,811	622,233 32,666
Total cash basis net position					\$ 235,736	\$ 517,811	\$ 753,547 \$ 32,666

See notes to financial statements.

CITY OF ALTA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Exhibit B

	Special Revenue						Total
	General	Road Use Tax	Local Option Sales Tax	Capital Projects	Debt Service	Non-major	
Receipts:							
Property tax	\$ 347,833	\$ -	\$ -	\$ -	\$ 43,294	\$ -	\$ 391,127
Tax increment financing	-	-	-	-	-	6,940	6,940
Other city tax	-	-	195,578	-	-	-	195,578
Licenses and permits	9,775	-	-	-	-	-	9,775
Use of money and property	1,960	-	-	-	-	-	1,960
Intergovernmental	7,800	180,327	-	3,038	-	-	191,165
Charges for service	55,394	-	-	-	-	-	55,394
Miscellaneous	59,891	-	-	-	-	-	59,891
Total receipts	<u>482,653</u>	<u>180,327</u>	<u>195,578</u>	<u>3,038</u>	<u>43,294</u>	<u>6,940</u>	<u>911,830</u>
Disbursements:							
Operating:							
Public safety	252,317	-	-	-	-	-	252,317
Public works	618	268,059	-	-	-	-	268,677
Culture and recreation	132,531	-	-	-	-	-	132,531
Community and economic development	-	53,318	-	-	-	-	53,318
General government	155,865	-	-	-	-	-	155,865
Debt service	-	-	-	160,163	43,278	-	203,441
Capital Projects	-	-	-	549,498	-	-	549,498
Total disbursements	<u>541,331</u>	<u>321,377</u>	<u>-</u>	<u>709,661</u>	<u>43,278</u>	<u>-</u>	<u>1,615,647</u>
Excess (deficiency) of receipts over disbursements	<u>(58,678)</u>	<u>(141,050)</u>	<u>195,578</u>	<u>(706,623)</u>	<u>16</u>	<u>6,940</u>	<u>(703,817)</u>
Other financing sources (uses):							
Loan proceeds	-	-	-	4,520,916	-	-	4,520,916
Repayment of interim proceeds	-	-	-	(3,866,846)	-	-	(3,866,846)
Proceeds from sale of assets	1,826	-	-	-	-	-	1,826
Operating transfers in	97,789	-	-	97,789	-	-	195,578
Operating transfers out	-	-	(195,578)	-	-	-	(195,578)
Total other financing sources (uses)	<u>99,615</u>	<u>-</u>	<u>(195,578)</u>	<u>751,859</u>	<u>-</u>	<u>-</u>	<u>655,896</u>
Net change in cash balances	40,937	(141,050)	-	45,236	16	6,940	(47,921)
Cash balances beginning of year	<u>473,510</u>	<u>(118,680)</u>	<u>-</u>	<u>(195,531)</u>	<u>80,627</u>	<u>43,731</u>	<u>283,657</u>
Cash balances end of year	<u>\$ 514,447</u>	<u>\$ (259,730)</u>	<u>\$ -</u>	<u>\$ (150,295)</u>	<u>\$ 80,643</u>	<u>\$ 50,671</u>	<u>\$ 235,736</u>

(continued)



CITY OF ALTA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Exhibit B  
 (continued)

	Special Revenue					Total
	General	Road Use Tax	Local Option Sales Tax	Capital Projects	Debt Service	
Cash Basis Fund Balances						
Nonspendable - Library	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,030
Restricted for:						
Debt service	-	-	-	-	80,643	80,643
Tax increment financing projects	-	-	-	-	-	40,759
Other purposes	-	-	-	-	-	4,882
Unassigned	514,447	(259,730)	-	(150,295)	-	104,422
Total cash basis fund balances	<u>\$ 514,447</u>	<u>\$ (259,730)</u>	<u>\$ -</u>	<u>\$ (150,295)</u>	<u>\$ 80,643</u>	<u>\$ 235,736</u>

See notes to financial statements.

CITY OF ALTA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Exhibit C

	<u>Enterprise</u>		<u>Community</u>	
	<u>Sewer</u>	<u>Solid Waste</u>	<u>Building</u>	<u>Total</u>
Operating receipts:				
Charges for service	\$ 267,260	\$ 180,247	\$ 43,423	\$ 490,930
Operating disbursements:				
Business type activities	<u>171,291</u>	<u>144,554</u>	<u>58,553</u>	<u>374,398</u>
Excess (deficiency) of operating receipts over operating disbursements	95,969	35,693	(15,130)	116,532
Non-operating disbursements:				
Debt service	<u>(114,296)</u>	<u>-</u>	<u>-</u>	<u>(114,296)</u>
Net change in cash balances	(18,327)	35,693	(15,130)	2,236
Cash balances beginning of year	<u>444,705</u>	<u>110,080</u>	<u>(39,210)</u>	<u>515,575</u>
Cash balances end of year	<u>\$ 426,378</u>	<u>\$ 145,773</u>	<u>\$ (54,340)</u>	<u>\$ 517,811</u>
Cash Basis Fund Balances				
Unrestricted	<u>\$ 426,378</u>	<u>\$ 145,773</u>	<u>\$ (54,340)</u>	<u>\$ 517,811</u>

See notes to financial statements.

CITY OF ALTA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Alta is a political subdivision of the State of Iowa located in Buena Vista County. It was first incorporated in 1878 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides sewer and garbage utilities for its citizens.

A. Reporting Entity

Except as discussed below, for financial reporting purposes, City of Alta has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

Excluded Component Unit

The Alta Municipal Utilities was established under Chapter 388 of the Code of Iowa, is legally separate from the City, but has the potential to provide specific benefits to, or impose specific burdens on the City. The Utility is governed by a five member board appointed by the Mayor and approved by the City Council. The Utility's operating budget is subject to the approval of the City Council. Complete financial statements of the individual component unit, which will issue separate financial statements, can be obtained from the Utility administrative office.

Discretely Presented Component Unit

The Alta Firemen's Association was established as a legally separate, tax-exempt, organization to support the Alta Fire Department. The association acts primarily as a fund-raising organization to supplement the resources that are available to the City in support of the fire department. Throughout the year, the association contributes funding to be used for various projects in support of the fire department. The association's resources are entirely for the benefit of the fire department and it is considered a component unit of the City and is discretely presented in the City's financial statements.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Buena Vista County Assessor's Conference Board, Buena Vista County Joint Disaster Services Commission, Buena Vista County E911 Service Board, and Buena Vista County Solid Waste Commission.

CITY OF ALTA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position (previously referred to as net assets) reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position often have constraints on cash balances imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as a general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

CITY OF ALTA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation – (Continued)

The Local Option Sales Tax Fund is used to account for monies received to be used for capital improvements and property tax relief.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those financed through proprietary funds.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's long-term debt.

The City reports the following major proprietary funds:

The Solid Waste Fund accounts for the operation and maintenance of the City's solid waste collection activities.

The Sewer Rental Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Community Building Fund accounts for the operation and maintenance of the City's Community Building.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there is both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

CITY OF ALTA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Governmental Cash Basis Fund Balances – (Continued)

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the City Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the, debt service and business type activities functions.

2. CASH

The City's deposits in banks at June 30, 2013, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement Number 3, as amended by Statement 40.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

3. BONDS AND LOANS PAYABLE

Annual debt service requirements to maturity for general obligation bonds and the sewer revenue notes are as follows:

CITY OF ALTA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

3. BONDS AND LOANS PAYABLE – (Continued)

Year Ending June 30,	<u>General Obligation</u>		<u>Sewer Revenue</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 35,000	\$ 6,342	\$ 67,451	\$ 84,781	\$ 102,451	\$ 91,123
2015	35,000	4,890	68,899	83,333	103,899	88,223
2016	40,000	3,420	70,152	82,080	110,152	85,500
2017	40,000	1,720	71,882	80,350	111,882	82,070
2018	-	-	73,426	78,808	73,426	78,808
2019-2023	-	-	391,224	369,936	391,224	369,936
2024-2028	-	-	434,887	326,273	434,887	326,273
2029-2033	-	-	483,817	277,343	483,817	277,343
2034-2038	-	-	538,023	223,137	538,023	223,137
2039-2043	-	-	598,305	162,855	598,305	162,855
2044-2048	-	-	665,306	95,854	665,306	95,854
2049-2053	-	-	556,983	26,010	556,983	26,010
	<u>\$ 150,000</u>	<u>\$ 16,372</u>	<u>\$ 4,020,355</u>	<u>\$ 1,890,760</u>	<u>\$ 4,170,355</u>	<u>\$ 1,907,132</u>

Sewer Revenue Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$4,092,000 of sewer revenue notes issued in December 2012. Proceeds from the notes provided financing for the construction of the sewer treatment plant. The notes are payable solely from sewer customer net receipts and are payable through 2053. The total principal and interest remaining to be paid on the notes is \$5,911,116. For the current year, principal and interest paid and total customer net receipts were \$114,296 and \$95,969, respectively.

The resolutions providing for the issuance of revenue notes include the following provisions:

- A. The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- B. Sufficient monthly transfers shall be made to a separate sewer revenue note sinking account within the Enterprise Fund for the purpose of making the note principal and interest payments when due.
- C. Additional monthly transfers of \$1,269 shall be made to a sewer reserve account within the Enterprise Fund until a specific minimum balance has been accumulated in the account. This account is restricted for the purpose of paying for any additional improvements, extensions or repairs to the system.

The City has not established the required sinking and reserve accounts as required by the sewer revenue note resolution.

4. PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries

CITY OF ALTA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

4. PENSION AND RETIREMENT BENEFITS – (Continued)

IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.78% of their annual covered salary and the City is required to contribute 8.67% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the year ended June 30, 2013 and 2012 were \$22,983 and \$19,193, respectively, equal to the required contribution for the year.

5. COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and sick leave payable to employees at June 30, 2013, primarily relating to the General Fund, is as follows:

Type of Benefit

Vacation	\$ <u>8,992</u>
----------	-----------------

This liability has been computed based on rates of pay in effect at June 30, 2013.

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 4 active members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Coventry. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$326 for single coverage, \$662 for employee plus dependent, and \$1,040 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2013, the City contributed \$40,568 to the plan.

7. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.



CITY OF ALTA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

8. INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Local Option Sales Tax	\$ 97,789
Capital Projects	Special Revenue: Local Option Sales Tax	<u>97,789</u>
Total		<u>\$ 195,578</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources

9. ACCOUNTING RESTATEMENTS

Beginning fund balance for the general fund in governmental funds has been restated to reflect a correction of the reporting of the Alta Firemen's Association as a component unit. This restatement is summarized below:

Beginning fund balance, June 30, 2012, as previously reported	\$ 489,824
Correction	<u>(16,314)</u>
Restated beginning fund balance, June 30, 2012	<u>\$ 473,510</u>

Beginning net position for governmental activities has been restated to reflect the same correction. This restatement is summarized below:

Net position, June 30, 2012 as previously reported	\$ 299,971
Correction	<u>(16,314)</u>
Restated net position, June 30, 2012	<u>\$ 283,657</u>

9. DEFICIT BALANCE

The Road Use Tax, Capital Projects, and Community Building funds have deficit balances of \$259,730, \$150,295, and \$54,340, respectively as of June 30, 2013. These deficits were a result of costs incurred prior to availability of funds. These deficits will be eliminated by loan proceeds, transfers from other funds, and the sale of residential lots.

10. LANDFILL AGREEMENT

The City participates in an agreement with the Buena Vista County Solid Waste Commission, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the county and municipalities. Payments to that commission totaled \$104,959 during the year ended June 30, 2013.

## OTHER INFORMATION

CITY OF ALTA  
BUDGETARY COMPARISON SCHEDULE OF  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES –  
BUDGET AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
OTHER INFORMATION  
YEAR ENDED JUNE 30, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts		Final To Total Variance
				Original	Final	
Receipts:						
Property tax	\$ 391,127	\$ -	\$ 391,127	\$ 386,874	\$ 386,874	\$ 4,253
Tax increment financing collections	6,940	-	6,940	6,000	6,000	940
Other city tax	195,578	-	195,578	187,368	187,368	8,210
Licenses and permits	9,775	-	9,775	10,323	10,323	(548)
Use of money and property	1,960	-	1,960	18,275	28,275	(26,315)
Intergovernmental	191,165	-	191,165	200,619	200,619	(9,454)
Charges for service	55,394	490,930	546,324	441,290	443,290	103,034
Miscellaneous	59,891	-	59,891	848,105	898,105	(838,214)
Total receipts	911,830	490,930	1,402,760	2,098,854	2,160,854	(758,094)
Disbursements:						
Public safety	252,317	-	252,317	238,844	268,844	16,527
Public works	268,677	-	268,677	201,741	296,741	28,064
Culture and recreation	132,531	-	132,531	225,325	225,325	92,794
Community and economic development	53,318	-	53,318	40,822	60,822	7,504
General government	155,865	-	155,865	149,645	164,645	8,780
Debt service	203,441	-	203,441	42,962	42,962	(160,479)
Capital Projects	549,498	-	549,498	845,000	5,445,000	4,895,502
Business type activities	-	488,694	488,694	378,711	378,711	(109,983)
Total disbursements	1,615,647	488,694	2,104,341	2,123,050	6,883,050	4,778,709
Excess (deficiency) of receipts over disbursements	(703,817)	2,236	(701,581)	(24,196)	(4,722,196)	4,020,615
Other financing sources	655,896	-	655,896	-	4,600,000	(3,944,104)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(47,921)	2,236	(45,685)	(24,196)	(122,196)	76,511
Balances, beginning of year	283,657	515,575	799,232	442,113	442,113	357,119
Balances, end of year	\$ 235,736	\$ 517,811	\$ 753,547	\$ 417,917	\$ 319,917	\$ 433,630

See accompanying independent auditor's report.

CITY OF ALTA  
NOTES TO OTHER INFORMATION – BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2013

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year ended June 30, 2013 the budget was amended one time which increased budgeted revenues and other financing sources by \$4,662,000 and increased disbursements by \$4,760,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the debt service and business type activities functions.

## SUPPLEMENTARY INFORMATION

CITY OF ALTA  
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Schedule 1

	Special Revenue			Permanent	
	Tax				
	Increment				
	Financing	Forfeiture	Library	Library	Total
Receipts:					
Tax increment financing	\$ 6,940	\$ -	\$ -	\$ -	\$ 6,940
Disbursements:					
None	-	-	-	-	-
Net change in cash balances	6,940	-	-	-	6,940
Cash balances beginning of year	33,819	606	4,276	5,030	43,731
Cash balances end of year	<u>\$ 40,759</u>	<u>\$ 606</u>	<u>\$ 4,276</u>	<u>\$ 5,030</u>	<u>\$ 50,671</u>
Cash Basis Fund Balances					
Nonspendable - Library	\$ -	\$ -	\$ -	\$ 5,030	\$ 5,030
Restricted for:					
Tax increment financing	40,759	-	-	-	40,759
Other purposes	-	606	4,276	-	4,882
Total cash basis fund balances	<u>\$ 40,759</u>	<u>\$ 606</u>	<u>\$ 4,276</u>	<u>\$ 5,030</u>	<u>\$ 50,671</u>

See accompanying independent auditor's report.

CITY OF ALTA  
SCHEDULE OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2013

Schedule 2

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General obligation bonds and capital loan notes:								
G.O. Bonds	March 15, 2007	4.15-4.30%	\$ 340,000	\$ 185,000	\$ -	\$ 35,000	\$ 150,000	\$ 7,778
Revenue notes:								
Sewer Interim Planning Note	October 1, 2008	0%	\$ 135,000	\$ 135,000	\$ -	\$ 135,000	\$ -	\$ -
Sewer Interim Project Note	January 18, 2011	3.98%	3,900,000	3,302,930	428,916	3,731,846	-	160,163
Sewer	December 20, 2012	2.125%	3,412,000	-	3,412,000	27,436	3,384,564	36,032
Sewer	December 20, 2012	2.125%	680,000	-	680,000	44,209	635,791	6,619
			<u>\$ 8,127,000</u>	<u>\$ 3,437,930</u>	<u>\$ 4,520,916</u>	<u>\$ 3,938,491</u>	<u>\$ 4,020,355</u>	<u>\$ 202,814</u>

See accompanying independent auditor's report.

CITY OF ALTA  
DEBT MATURITIES  
JUNE 30, 2013

Schedule 3

Year Ending June 30	General Obligation Notes		Revenue Notes			
			Sewer		Sewer	
	<u>Issued March 15, 2007</u>		<u>Issued December 20, 2012</u>		<u>Issued December 20, 2012</u>	
	<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>
2014	4.15%	\$ 35,000	2.125%	\$ 55,551	2.125%	\$ 11,900
2015	4.20	35,000	2.125	56,743	2.125	12,156
2016	4.25	40,000	2.125	57,771	2.125	12,381
2017	4.30	40,000	2.125	59,200	2.125	12,682
2018	-	-	2.125	60,471	2.125	12,955
2019	-	-	2.125	61,768	2.125	13,232
2020	-	-	2.125	62,918	2.125	13,484
2021	-	-	2.125	64,444	2.125	13,806
2022	-	-	2.125	65,826	2.125	14,102
2023	-	-	2.125	67,239	2.125	14,405
2024	-	-	2.125	68,522	2.125	14,685
2025	-	-	2.125	70,152	2.125	15,029
2026	-	-	2.125	71,657	2.125	15,351
2027	-	-	2.125	73,195	2.125	15,681
2028	-	-	2.125	74,623	2.125	15,992
2029	-	-	2.125	76,367	2.125	16,360
2030	-	-	2.125	78,006	2.125	16,711
2031	-	-	2.125	79,680	2.125	17,070
2032	-	-	2.125	81,265	2.125	17,415
2033	-	-	2.125	83,133	2.125	17,810
2034	-	-	2.125	84,917	2.125	18,192
2035	-	-	2.125	86,739	2.125	18,583
2036	-	-	2.125	88,496	2.125	18,964
2037	-	-	2.125	90,499	2.125	19,388
2038	-	-	2.125	92,441	2.125	19,804
2039	-	-	2.125	94,425	2.125	20,229
2040	-	-	2.125	96,368	2.125	20,651
2041	-	-	2.125	98,519	2.125	21,106
2042	-	-	2.125	100,633	2.125	21,559
2043	-	-	2.125	102,793	2.125	22,022
2044	-	-	2.125	104,939	2.125	22,487
2045	-	-	2.125	107,250	2.125	22,977
2046	-	-	2.125	109,551	2.125	23,470
2047	-	-	2.125	111,902	2.125	23,974
2048	-	-	2.125	114,270	2.125	24,486
2049	-	-	2.125	116,756	2.125	24,692
2050	-	-	2.125	119,261	2.125	-
2051	-	-	2.125	121,820	2.125	-
2052	-	-	2.125	124,429	2.125	-
2053	-	-	2.125	50,025	2.125	-
		<u>\$ 150,000</u>		<u>\$ 3,384,564</u>		<u>\$ 635,791</u>

See accompanying independent auditor's report.



CITY OF ALTA  
SCHEDULE OF RECEIPTS BY SOURCE  
AND DISBURSEMENTS BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TWO YEARS

Schedule 4

	<u>2013</u>	<u>2012</u>
Receipts:		
Property tax	\$ 391,127	\$ 364,882
Tax increment financing	6,940	6,598
Other city tax	195,578	203,937
Licenses and permits	9,775	10,677
Use of money and property	1,960	2,489
Intergovernmental	191,165	675,271
Charges for service	55,394	38,330
Miscellaneous	59,891	111,061
Total	<u>\$ 911,830</u>	<u>\$ 1,413,245</u>
Disbursements:		
Operating:		
Public safety	\$ 252,317	\$ 228,346
Public works	268,677	185,754
Culture and recreation	132,531	146,179
Community and economic development	53,318	29,969
General government	155,865	143,441
Debt service	203,441	44,695
Capital projects	549,498	3,530,974
Total	<u>\$ 1,615,647</u>	<u>\$ 4,309,358</u>

See accompanying independent auditor's report.

CITY OF ALTA  
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES  
AGENCY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Schedule 5

	Summer Baseball Program	Benefits Account	Trees Forever	Horizons	Total
Receipts	\$ 46,835	\$ 6,038	\$ 2	\$ 13,078	\$ 65,953
Disbursements	<u>31,016</u>	<u>5,597</u>	<u>-</u>	<u>18,391</u>	<u>55,004</u>
Net change in cash balances	15,819	441	2	(5,313)	10,949
Cash balances beginning of year	<u>19,390</u>	<u>2,399</u>	<u>1,828</u>	<u>6,410</u>	<u>30,027</u>
Cash balances end of year	<u>\$ 35,209</u>	<u>\$ 2,840</u>	<u>\$ 1,830</u>	<u>\$ 1,097</u>	<u>\$ 40,976</u>

See accompanying independent auditor's report.

# HUNZELMAN, PUTZIER & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.  
JASON K. RAVELING  
TAMMY M. CARLSON, C.P.A.  
RICHARD R. MOORE, C.P.A. (RETIRED)  
WESLEY E. STILLE, C.P.A. (RETIRED)  
KENNETH A. PUTZIER, C.P.A. (RETIRED)  
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## Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council  
Alta, Iowa

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Alta, Iowa, as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 21, 2014. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Alta's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Alta's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Alta's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of City of Alta's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in part I of the accompanying Schedule of Findings to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Alta's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City of Alta. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### City of Alta's Responses to Findings

City of Alta's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. City of Alta's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City of Alta's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Alta's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hummelman, Putzier & Co., PLC*

March 21, 2014

CITY OF ALTA  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2013

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that bank deposits, opening mail, recording receipts and disbursements, checks and payroll preparation, and bank reconciliations are all handled by one individual.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – The City of Alta will review its control procedures to obtain the maximum internal control possible under the circumstances.

Conclusion – Response accepted.

- (B) Financial Reporting - We noted that while management is capable of preparing accurate financial statements that provide information sufficient for City council members to make management decisions, reporting financial data reliably in accordance with an other comprehensive basis of accounting (OCBOA) requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Recommendation - Obtaining additional knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in the ability to prepare and take responsibility for reliable OCBOA financial statements

Response – The City will look into further training and professional education courses for the City Clerk to take regarding accounting.

Conclusion – Response accepted.

- (C) Cancellation of Invoices – We noted that invoices were not marked paid to help prevent duplicate payment.

Recommendation – All invoices should be properly canceled to prevent reuse.

Response – The City will stamp all paid invoices as “paid”.

Conclusion – Response accepted.

CITY OF ALTA  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2013

Part II: Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget - Disbursements during the year ended June 30, 2013 exceeded the amount budgeted in the debt service and business type activities functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – If it is deemed that the City’s budget needs to be amended, the City will take all steps to accomplish this task.

Conclusion – Response accepted.

- (2) Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- (3) Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Description</u>	<u>Transaction Amount</u>
Ron Neulieb, Mayor, Owner of Control System Specialists	Maintenance	\$3,075

In accordance with chapter 362.5(k) of the Code of Iowa, the above transactions may represent a conflict of interest since total transactions were more than \$2,500 during the fiscal year

Recommendation - The Code does allow the City to transact business with City officers or employees in excess of \$2,500 but only if the contract is made subject to a competitive bid in writing, publicly invited, and opened. The City should consult their attorney to determine that they are in compliance with the Code of Iowa.

Response – If the City needs to do business with City officers or employees in excess of \$2,500, the contract made will be subject to a competitive bid, and following proper procedures.

Conclusion – Response accepted.

- (5) Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- (6) Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City’s investment policy

CITY OF ALTA  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2013

Part II: Other Findings Related to Statutory Reporting: - (Continued)

- (7) Revenue Notes - The City has not established the sinking and reserve accounts as required by the sewer revenue note resolution.

Recommendation - The City should establish these accounts, make the monthly required transfers. All sewer revenue note payments should then be made from the sinking fund.

Response – The City will work with our accounting programmers to establish a sinking and reserve account with respect to our sewer revenue note resolution.

Conclusion – Response accepted.

- (8) City Council Minutes - No transactions were found that we believe should have been approved in the City Council minutes but were not.

- (9) Urban Renewal Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

- (10) Financial Condition - At June 30, 2013, the City had deficit balances in the Road Use Tax, Capital Projects, and the Community Building funds of \$259,730, and \$150,295, and 54,340, respectively

Recommendation - The City should investigate alternatives to eliminate these deficits in order to return the funds to a sound financial condition.

Response – The City will work to eliminate our deficit balances.

Conclusion – Response accepted.

- (11) Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation - The City should obtain and retain an image of both the front and back of each cancelled check as required.

Response – The back of each cancelled check is on file at our local financial institution, and is available when needed.

Conclusion – Response accepted.